



PSC NEWS

Missouri Public Service Commission

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FERC APPROVES PIPELINE SETTLEMENT WHICH WILL REDUCE RATES FOR SOME MISSOURI NATURAL GAS CUSTOMERS

Jefferson City (January 28, 2002)---The Federal Energy Regulatory Commission (FERC) recently approved a settlement in a rate case involving Mississippi River Transmission Corporation (MRT). As a result of the settlement, Laclede Gas Company customers as well as those customers served by Atmos Energy-SEMO District and the municipal gas systems of Bismarck and Potosi will see natural gas rate reductions from MRT.

“The Missouri Public Service Commission was very active in this case before the Federal Energy Regulatory Commission representing the interests of Missouri ratepayers,” stated PSC Chairman Kelvin Simmons. “Through those efforts, we will be able to see lower natural gas rates for many Missourians.”

MRT had filed a rate increase case with the Federal Energy Regulatory Commission on March 29, 2001. MRT was seeking to increase Missouri ratepayers’ natural gas transportation costs by approximately 18 percent (over \$7 million) a year. However, parties to the case reached an agreement which not only avoids a rate increase, it brings reduced rates to MRT’s Missouri customers (Laclede Gas Company, Atmos Energy-SEMO District, City of Bismarck and the City of Potosi).

In addition, the agreement:

- *Provides over \$500,000 in transportation rate decreases for the period of October 1, 2001 through September 30, 2003;

- * Precludes MRT from implementing any increases to its transportation rates for 2 years (through September 30, 2003);

- *Requires MRT to further reduce rates for the remaining 3 years of the rate moratorium (October 1, 2003 through September 30, 2006) unless the pipeline’s market area contract demand falls below 92%. Those future cost decreases for Missouri customers could total nearly \$5 million;

- * Provides customers increasing protection for retroactive refunds that may be owed to them when MRT files its next rate case.

(More)

The agreement approved by the FERC also resolves litigation associated with an annual fuel tracker case where MRT sought to recover 4 Bcf (4 billion cubic feet of gas) it claimed was lost or unaccounted for during the 1996-1998 time period. The settlement permits MRT to recover only one-fourth of its claimed losses. Therefore, rather than requiring Missouri to deliver nearly 1.75 Bcf of additional gas into MRT's pipeline system, Missouri will contribute only .43 Bcf of additional gas for the claimed losses. If an Mcf of gas costs \$3.00, Missouri's cost savings from the agreement will be nearly \$4 million.

Under the agreement, MRT's pipeline storage rates will be lowered slightly and frozen through September 30, 2006. In addition, MRT is being required to take certain actions that maintain storage system deliverability and reliability, with the associated costs to be borne by the pipeline and not its customers.

"Since Missouri local natural gas distribution companies such as Laclede and Atmos must use FERC-regulated interstate pipelines for delivery of their natural gas supplies," stated Chairman Simmons, "the Missouri Public Service Commission actively participates in FERC proceedings to ensure that Missouri natural gas customers receive reliable service at reasonable rates."